

MINUTES
Highway Expansion and Extension Loan Program

Advisory Committee Meeting
June 5, 2001

Committee Members Present:

Bill Beyer
Cliff Potts
Jeff Martin

Gary Magrino
Paul Schwartz
Tami Ryall

Others Present:

John McGee, ADOT Chief Financial Officer

Kathleen Morley, ADOT Tax & Resource
Administrator

Anna- Marie Perry, ADOT

Steve Schaefer, ADOT

Call to Order

Mr. McGee stated that Ms. Peters had asked him to chair the meeting in her absence. The meeting was called to order at 1:40 p.m. A quorum was present.

Mr. Magrino requested that the minutes be corrected to reflect the fact that Bruce Hilby was no longer a committee member and that Bill Beyer had replaced him.

A motion to approve the Minutes of the May 8, 2001 meeting with changes was made by Mr. Magrino, seconded by Mr. Schwartz and passed unanimously.

Administrative Issues

Future Meetings

Ms. Morley reported on the committee's upcoming meeting schedule, specifically noting some upcoming out-of-town meetings. She noted the key items that would be presented when the committee meets in August in Payson. She reported that staff is in the process of updating the fund's cash flow report, and this too will be presented in August.

Press Releases

Mr. Potts referred to a press release that was printed in the local Payson paper. He asked if the release had been picked up by any of the other publications in the state. Ms Morley indicated that the agency has a clipping service, which publishes copies of articles that have been published. She offered to check for Mr. Potts. It was noted that a few communities had said that they had seen information about HELP loans.

Meeting times, especially for out-of-town meetings, were discussed. It was noted that meeting times are set at the discretion of the Committee.

Outreach Program

Mr. Schaefer reported that he had updated the loan projections from the previous meeting, adding in the internal loans being considered for this fiscal year. He reported that two of the anticipated five loans this month will be carried over to the July meeting. He expected to receive loan applications from Camp Verde and Apache Junction in the very near future. He noted that two counties in the state have not requested a loan, Greenlee and Graham, although Greenlee will have an internal loan this year.

Cash/Loan Status/Project Site Map

Ms. Perry stated that the cash balance as of the end of April was \$120 million. Since then, the City of Tucson repaid their entire loan, \$1.5 million plus interest. Another loan application for Tucson was submitted for review. To date, 15 loan agreements have been signed. She provided an overview of the project site map.

Application—Town of Payson

Mr. Schaefer presented an overview of the \$1.1 million loan application from the Town of Payson. He noted that the applicant has requested funding 90 days prior to the date the project will begin. A question was asked about the recommendation of the technical committee to fund the project according to the project schedule as opposed to in a lump sum. Mr. McGee explained that the issue of lump sum loans had been discussed at length, and he has some reservations about funding the loan 90 days before the project begins. He reviewed the language in the statute governing the use of the funds, as it relates to the request, and conveyed his concerns that the investment of funds by the applicant prior to the start of the project is contrary to how the funds were intended to be used. His second concern related to how the funds might be invested during the 90-day holding period. Mr. McGee recommended that the lump sum funding timing should be as close to the actual start of the project as possible. Mr. Schaefer assumed that the reason the Town wanted the money early was to offset some of the interest they would be paying over the life of the loan. Committee members discussed the impact on construction schedule delays in cases where lump sum funding was made prior to the start of a project. An example was cited of the situation that arose with the first loan awarded to the City of Tucson.

It was suggested that a policy should be in place to return front funded loans to the state if a project is not started within a certain period of time. Mr. Beyer asked that staff develop a policy statement that would address the concerns discussed and be included with loan contracts and present it to the committee for its consideration.

A motion was made by Bill Beyer, and seconded by Gary Magrino, to approve the Town of Payson application, with the funds being released no more than 30 days before the start of the project.

Ms. Morley suggested that the bid advertising date might be the appropriate trigger for funding the loan. Mr. McGee explained his position with respect to front funding, primarily because it cuts down on ADOT administrative costs. He noted the risk the town assumes by accepting front funding.

Upon a call for the question, the motion passed unanimously.

Application, City of Tucson

Mr. Schaefer presented an overview of the application from the City of Tucson, which is an extension of a previous loan and project. Staff and committee members discussed the allowable uses of 12.6% and 2.6% funds as covered by state statute.

A motion was made by Cliff Potts, and seconded by Jeff Martin, to approve the City of Tucson application. The motion passed unanimously.

Application, City of Yuma

Mr. Schaefer presented an overview of the City of Yuma application for \$2 million to fund an eastbound traffic interchange off of I-8 connecting into Redondo Center Drive. The loan will be paid back out of Yuma's half-cent transportation tax over a five-year period. Mr. Magrino reviewed the commercial activity growth in the area, which has necessitated the traffic interchange. It was verified that the project is included in the region's TIP.

A motion was made by Gary Magrino, and seconded by Bill Beyer, to approve the City of Tucson application. The motion passed unanimously (Paul Schwartz abstained from voting).

Mr. Schwartz explained that he abstained from voting because he did not feel there was enough information for him to make an informed determination.

Call to the Public

There were no requests to speak.

The meeting was adjourned at 2:30 p.m.